

impulsando *el comercio y la inversión*



CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA

ATPA:

Promoting trade, sustainable
development, and deterring illicit
drug traffic and production

impulsando
el comercio y la inversión



CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA

ATPA objective is clear:

The primary goal of ATPA is to promote broad-based economic development and viable economic alternatives to coca cultivation and cocaine production by offering Andean products broader access to the U.S. market.



CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA



ATPA and the global context

- ✓ The case of global production chains:
 - Technology and increasingly lower transportation costs have allowed production chains to be split up and be distributed all around the globe
- ✓ Trade does generate opportunities and provides greater growth for developing countries
- ✓ In the absence of a TPA, preferences is a crucial element of the trade strategy with developing countries
- ✓ Even though value added from LDCs may be small, it is not small with respect to their economy.

The context for Ecuador and Preferences

- ✓ It has not strained but rather has allowed integration into global production chains (v.g. flowers, broccoli, tuna, textiles)
- ✓ It has not limited the development of competitive products
- ✓ It generates value by providing rules of origin for certain industries such as textiles, which in turn has positive impacts in the US cotton industry
 - This in spite of the fact that the rules of origin is quite restrictive: 35%



CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA

ATPDEA - A Win-Win Initiative for the US and Ecuador

For the US...

➤ Important source of employment alternatives:

- ✓ 50,000 jobs in Florida alone mostly related to Ecuadorean flower imports
- ✓ For every \$1 spent on Ecuadorean roses \$0.75 remains in the US economy
- ✓ Over 90% of cotton for Ecuadorean textiles comes from the US generating jobs in Miami, Long Beach, Houston, Charleston and Savannah
- ✓ "The main finding of this report is that preferential tariff treatment under the ATPA/ATPDEA has neither had an adverse impact on nor posed a significant threat to U.S. employment." Labor Report 2005

➤ Helps reduce emigration trends in Ecuador by providing employment opportunities in sectors beneficiaries of ATPDEA

➤ It has been a very effective initiative to support drug eradication efforts by providing licit job alternatives

- ✓ Ecuadorean flower workers earn more than Colombian Coca farmers

For Ecuador...

➤ Has helped diversify Ecuador's export offer

- ✓ Flowers
- ✓ Vegetables – broccoli
- ✓ Tuna
- ✓ Textiles – indirectly through ruled of origin for exports to Colombia

➤ Has allowed the generation of over 400,000 jobs (8% of the Labor Force)

➤ Provides @US\$40 million in savings by tariffs

➤ Has helped strengthen dollarization

➤ Helps reduce emigration trends in Ecuador by providing employment opportunities in sectors beneficiaries of ATPDEA

➤ It has been a very effective initiative to support drug eradication efforts by providing licit job alternatives

- ✓ Ecuadorean flower workers earn more than Colombian Coca farmers

From a Trade Perspective

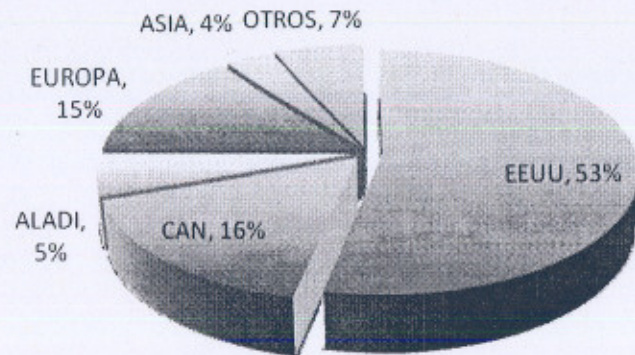
From a National Security Perspective



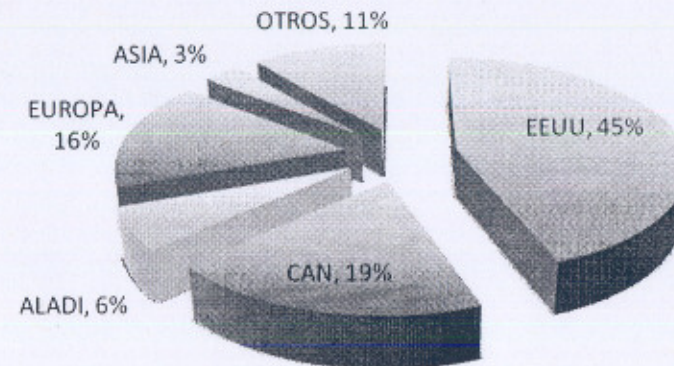
CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA

The US is Ecuador's main Trading partner... with economies that are complementary

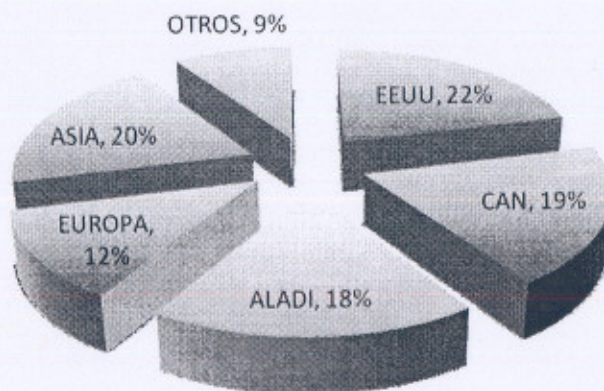
EXPORTS 2006



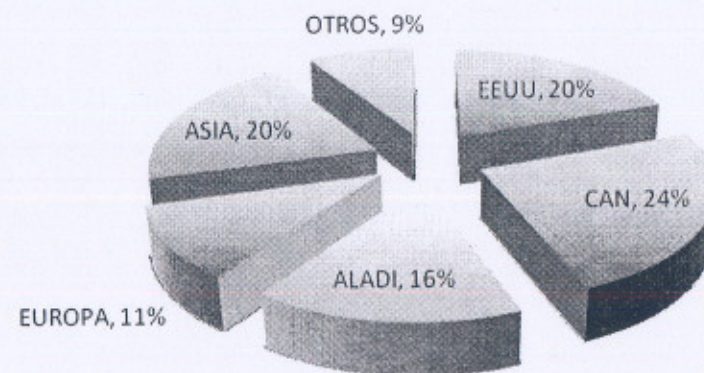
EXPORTS 2007



IMPORTS 2006



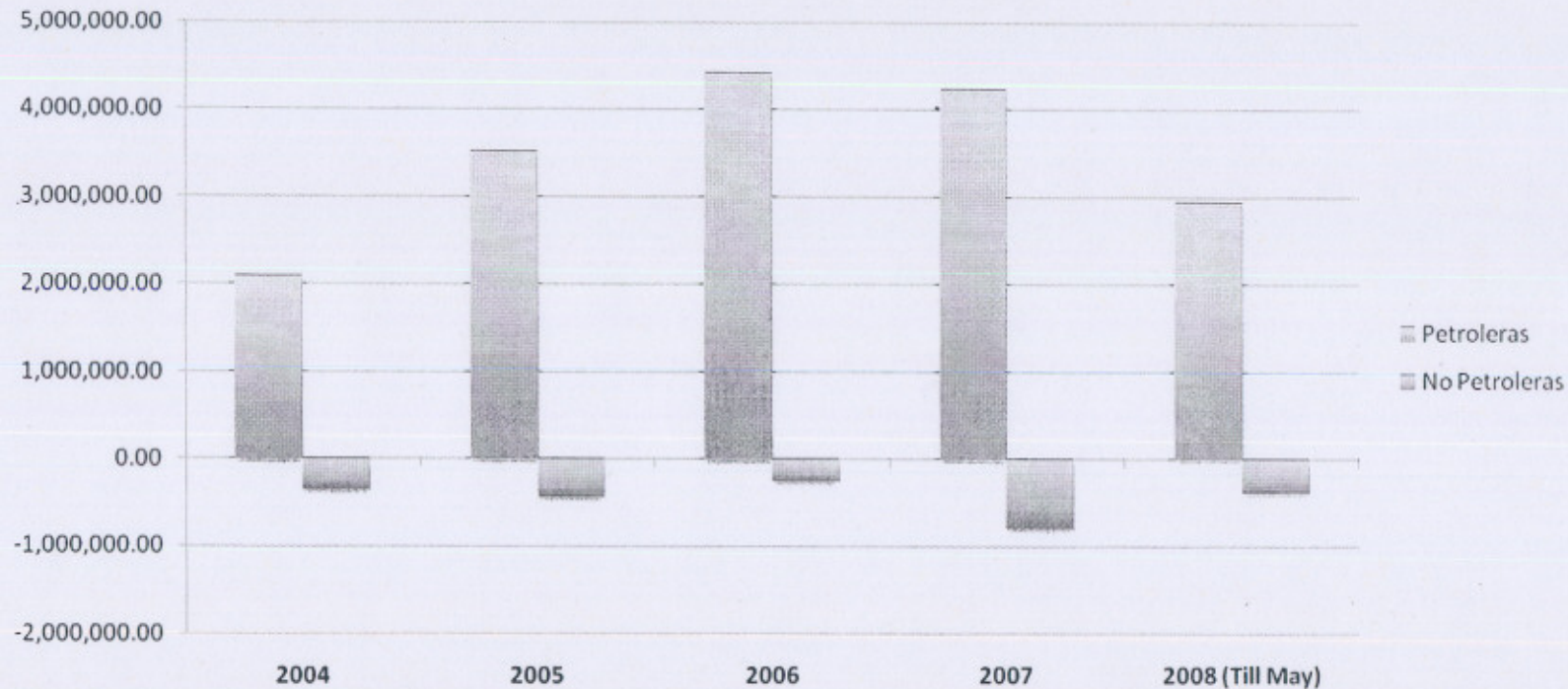
IMPORTS 2007



CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA

Non-Oil Trade Balance is favorable to the US

Trade Balance with the USA



With Ecuador having taken during the past year significant unilateral measures to grant access at zero tariff to capital goods and raw materials (over 2,300 customs classified products)



CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA



ATPA utilization has more than doubled since 1999



- ✓ **Fostering investment, trade and employment generation**
- ✓ **But short ATPA extensions are undermining its benefits and eroding export performance**

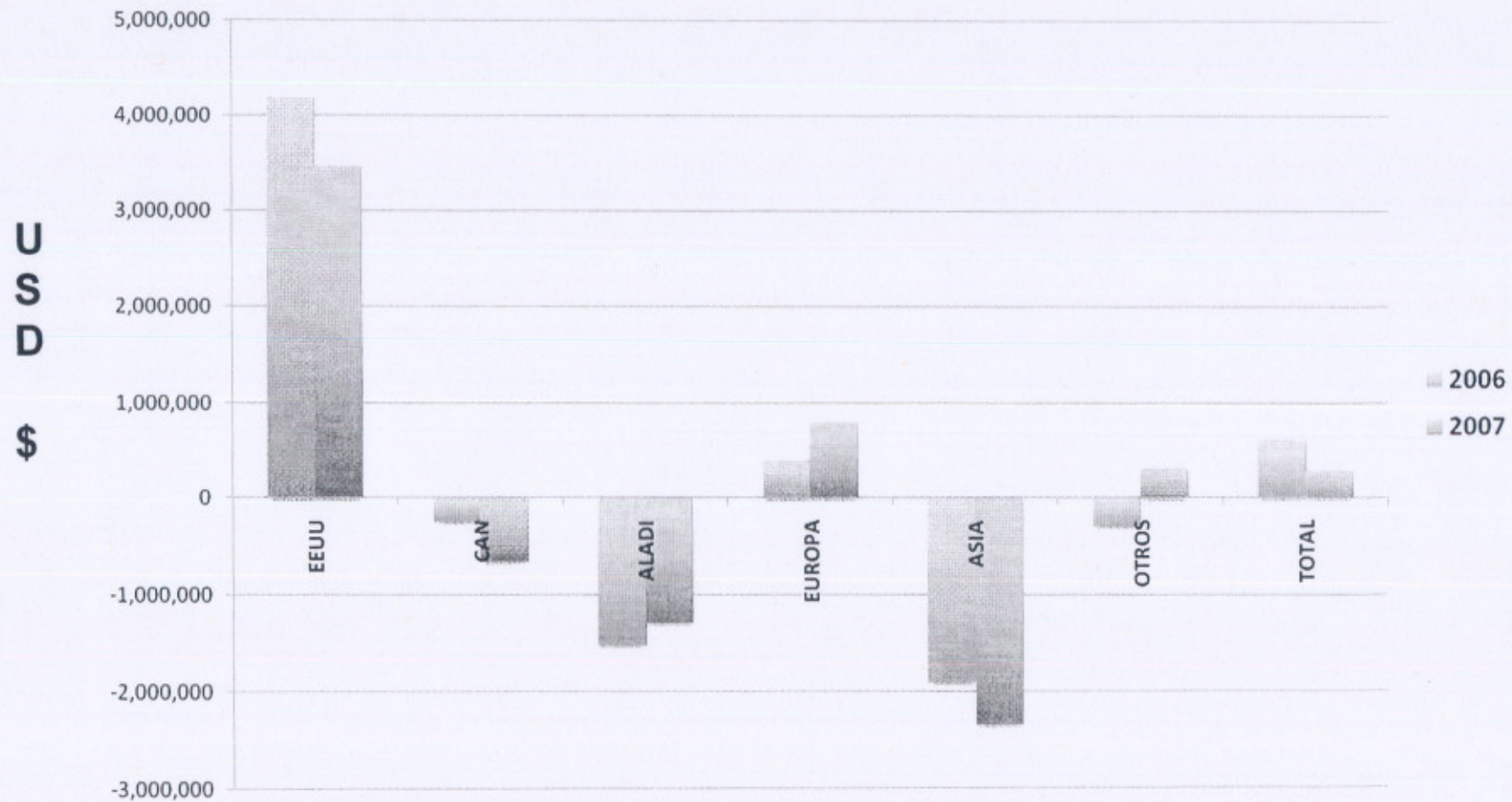


CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA



And redirecting trade flows to the EU

TRADE BALANCE



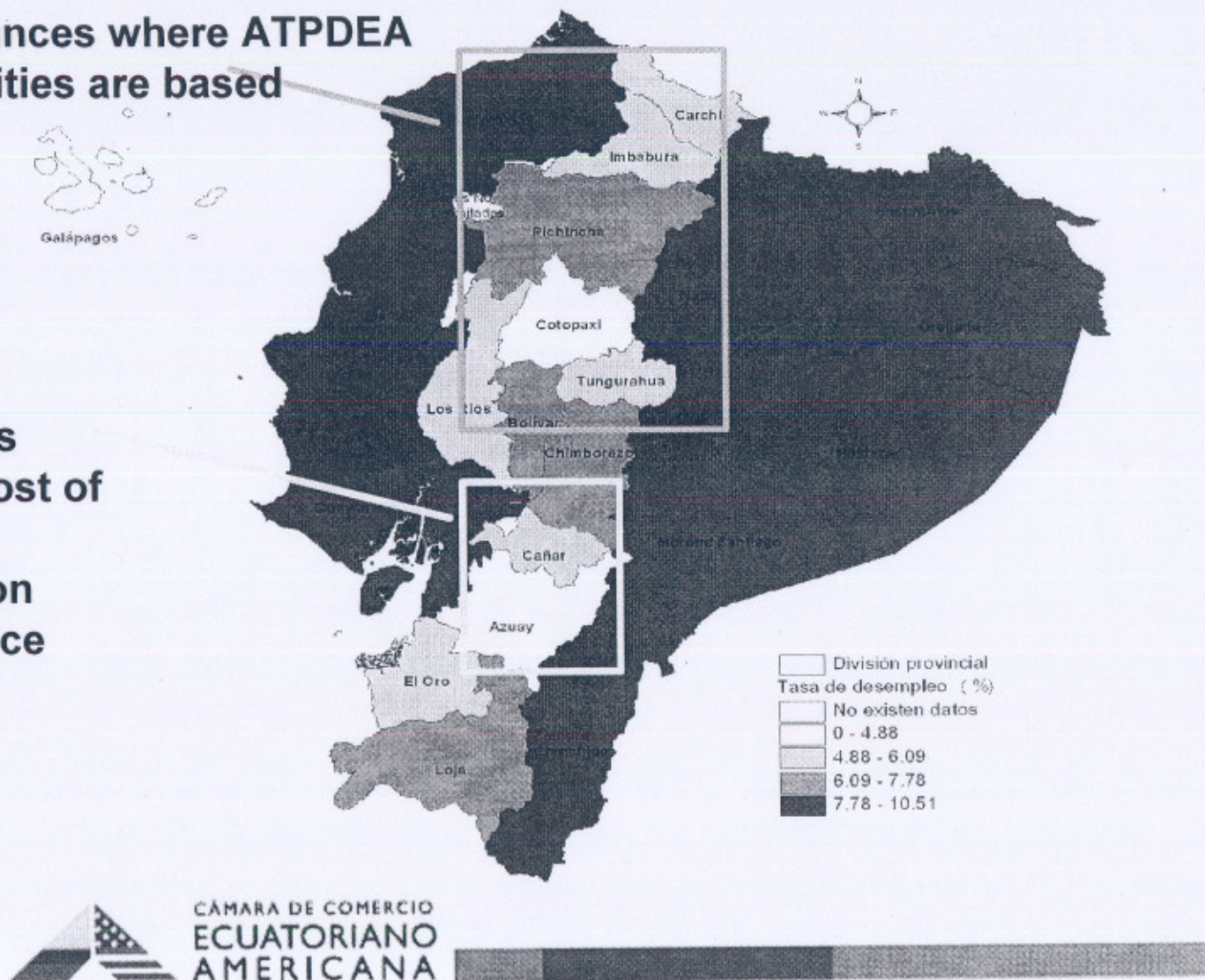
CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA



ATPDEA related activities help reduce unemployment in provinces close to the Colombian border...

Provinces where ATPDEA activities are based

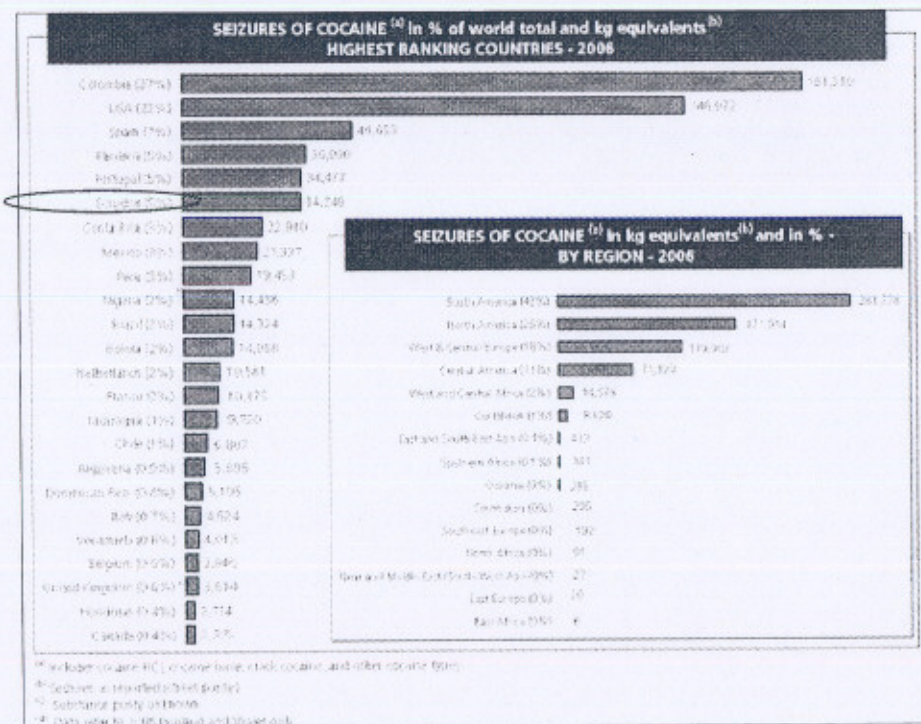
Provinces where most of the emigration takes place



In addition to Ecuador's world class record in fighting drug traffic and production



INFORME MUNDIAL SOBRE LAS DROGAS OFICINA DE LA ONU CONTRA LA DROGA Y EL DELITO 2008



ECUADOR OCUPA EL SEXTO LUGAR EN LA LUCHA CONTRA EL NARCOTRAFICO A NIVEL
MUNDIAL DE ACUERDO INDICADORES DE LA ONUDD



CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA

Additionally, Ecuador is committed to eliminate the worst forms of child labor...

Highlights of The Department of Labor's 2006 Findings on the Worst Forms of Child Labor

✓ The Inter-Institutional Commission for Combating Trafficking in Persons approved a National Plan to combat illegal migration and trafficking, sexual and labor exploitation, prostitution, pornography and other forms of exploitation of women and minors.

✓ The Ministry of Labor permanently hired 28 child labor inspectors who are currently operating in 22 provinces of the country, exclusively dedicated at controlling child labor.

✓ The National Committee for the Progressive Elimination of Child Labor (CONEPTI) was strengthened through the establishment of a Technical Secretariat with the operating capacity to follow up on projects, negotiate agreements, train stakeholders on program goals and make policy decisions regarding inspectors and social controllers.

✓ The National Institute for Children and Family (INNFA) implements several educational programs for working children.



CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA

Conclusions

In the absence of a more comprehensive trade agreement with the US, in the case of Ecuador ATPA has:

1. Contributed to foster trade, investment and employment generation (8% of the Labor Force)
2. Employment generation has curbed illicit drug traffic and production by offering licit working alternatives to ecuadorians, all of this at zero cost to the US taxpayer
3. Emigration has been tempered, contributing to US national security interests
4. Welfare impacts have been positive, both for the US and more so for Ecuador
5. It has fostered the development of complementary activities along the production chains of different industries



CÁMARA DE COMERCIO
ECUATORIANO
AMERICANA